

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

RE: PETITION OF TOWNS OF AQUINNAH, BARNSTABLE,  
BOURNE, BREWSTER, CHATHAM, CHILMARK, DENNIS,  
EASTHAM, EDGARTOWN, FALMOUTH, HARWICH,  
MASHPEE, OAK BLUFFS, ORLEANS, PROVINCETOWN,  
SANDWICH, TISBURY, TRURO, WELLFLEET  
WEST TISBURY, AND YARMOUTH AND COUNTIES OF  
BARNSTABLE AND DUKES  
(acting as the CAPE LIGHT COMPACT)  
FOR CERTIFICATION OF ENERGY EFFICIENCY  
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**Cape Light Compact's Response to Department of Telecommunications and  
Energy's First Set of Information Requests**

DTE-1-1      Please refer to the Filing, Tab 4 at 4. Provide current statistics regarding the current amount of customers receiving Default Service from the Compact on the Cape and Vineyard.

Response:      Please refer to the Cape Light Compact Pilot Project Report to DOER & DTE (the "Report"), which was filed with the Department of Telecommunications and Energy (the "DTE") on March 18, 2003 in D.T.E. 01-63. On page 6 of the Report, in section 1.2, the Compact stated that as of December 31, 2002, the Municipal Aggregation Default Service Pilot Project (the "Pilot Project") was serving 47,827 customers. This is the most current information that the Cape Light Compact has on the number of customers being served by the Pilot Project.

Respondent:      Kevin Galligan, Program Manager of the Cape Light Compact.

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DTE-1-2      Please refer to the Plan at 8. Explain why the Plan includes incentives for non-electric energy end-uses.

Response:      The Cape Light Compact's Plan promotes integration and comprehensiveness across its programs. The inclusion of non-electric energy end-uses is in response to customer feedback, direction of the Governing Board, results of recent evaluations, and consistency with the Total Resource Cost ("TRC") test where such incentive benefits may be recognized. Also, as described in the attached draft June 2003 Residential Energy Conservation Service Coalition Action Plan at page 7, the Residential Conservation Services ("RCS") program, also known as the Home Energy program, directly targets non low-income residential customers on a fuel-neutral basis. The program offers Home Energy Assessment ("HEA"), fuel-neutral rewards, and integration of other energy efficiency programs designed to promote energy savings and capture lost opportunities in the residential market place. In addition, the RCS program leverages the existing market infrastructure and utilizes regional resources where possible.

Respondent:      Kevin Galligan, Program Manager of the Cape Light Compact.

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DTE-1-3      Please refer to the Plan at 10. Explain the reasons for increasing the eligibility threshold for low-income programs as well as the reasons for selecting 60 percent as the new eligibility threshold.

Response:      The Cape Light Compact, along with the Massachusetts utilities, lead agencies and the Low Income Energy Affordability Network ("LEAN"), participates in a best practices working group to provide, where appropriate, consistency across programs. This new eligibility threshold was developed in collaboration with this best practices working group, and in conjunction with the overall budget development process of the Plan. This new eligibility threshold is 60 percent of the state median income, and is expected to provide for increased delivery of services to this class of customers.

Respondent:    Kevin Galligan, Program Manager of the Cape Light Compact.

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DTE-1-4      Please refer to the Plan at 13. The Compact indicates that "[w]here possible" non-electric resource savings, customer benefits, and benefits associated with low-income programs have been included. Indicate where such benefits have not been included and indicate which programs are specifically affected.

Response:      The list below identifies those programs in the Compact's Plan that include non-electric resource savings, customer benefits and benefits associated with low-income programs.

Low-Income Single Family:

- ?? Natural gas savings from insulation.
- ?? Water savings from water heating measures.

Low-Income Multi-Family:

- ?? Water savings from water heating measures.

Low-Income New Construction:

- ?? Natural gas savings from Energy Star rating.
- ?? Water and gas savings from the tumble washer.
- ?? Non-resource benefits.

Residential New Construction:

- ?? Natural gas savings from Energy Star rating.
- ?? Non-resource benefits.

Residential New Construction Demonstration:

- ?? Natural gas savings from Energy Star rating.

Residential Products and Services:

- ?? Natural gas from the tumble washer and dishwasher.
- ?? Water savings from the tumble washer.

HomEnergy:

- ?? Natural gas savings from insulation, air sealing and duct sealing.

Commercial & Industrial:

- ?? None of these types of benefits are included in the C&I programs.

Respondent: Tim Woolf, Synapse Energy Economics, Consultant to the Compact

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DTE-1-5      Please refer to the Plan at 14. The Compact indicates that the estimated benefits in Table 2.4 do not include post-program effects. In the Filing, Tab 3 at 5, the Compact indicates that the impacts of program spillover and market transformation are not included. Explain whether inclusion of such effects would have a major impact on the benefits for the New Construction Demo program? If yes, discuss.

Response:    In fact, some of the Compact's programs do include some post-program effects, contrary to the Plan text cited in this question. The programs that include post-program effects are: Low-Income New Construction, Residential New Construction, Residential Products and Services, and HomEnergy programs.

Yes, the inclusion of post-program effects would have a significant impact on benefits of the New Construction Demonstration Program. One of the primary goals of this demonstration program is to increase the awareness and the desirability of highly-efficient, environmentally-sensitive new homes among the home builders and buyers on Cape Cod and Martha's Vineyard. By working with local small-scale builders and local developers such as Habitat for Humanity, and by emphasizing the environmental benefits that are so important to citizens on the Cape and Vineyard, the Compact expects that there will be significant interest in "green" buildings and that this interest will extend beyond those customers that participate in the Demonstration Program.

Respondent:   Tim Woolf, Synapse Energy Economics, Consultant to the Compact

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DTE-1-6      Please refer to the Plan at 14. At 0.55, the B/C ratio for the New Construction Demo Program is one of the lower B/C ratios in the Plan. Has the Compact examined ways in which this B/C ratio might be increased? If yes, explain.

Response:      Yes, the Compact has examined ways that the B/C ratio for the New Construction Demonstration program might be increased. At a minimum, the B/C ratio would be higher if post-program effects were included. Also, the Compact may be able to reduce administration costs if this program were to expand beyond the demonstration phase. In addition, there are many energy saving measures that were not accounted for in this B/C ratio, as described in Table 3.3 of the Plan. Finally, there are many environmental benefits that were not accounted for in this B/C ratio, as described in Table 3.4. If all of these impacts were fully accounted for, the B/C ratio would be substantially higher.

Respondent:    Tim Woolf, Synapse Energy Economics, Consultant to the Compact

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DTE-1-7      Please refer to the Plan at 40. At 1.18, the B/C ratio of the Low-Income Single Family Program is one of the lower B/C ratios in the Plan. Has the Compact examined ways in which the B/C ratio of this program may be increased? If yes, explain.

Response:      Yes, the Compact has examined several ways in which this B/C ratio might be increased. First, as noted on page 38 of the Plan, the Compact will work to better integrate these electricity-based audits with the weatherization-based audits provided through Weatherization Assistance Programs ("WAPs"). This should help increase the efficiency with which the program is delivered to customers. Second, as noted on page 39 of the Plan, the Compact will take steps to better identify customers that might not be easily identified as eligible for the low-income programs. These steps should also help increase the efficiency of program delivery. Third, as noted on page 39 of the Plan, the Compact will offer low-income customers with electric space heat the option to switch heating systems to use a more efficient fuel source. The B/C ratio for this program will be higher as a result of serving additional customers with significant fuel-switching savings. Fourth, as noted on page 40 of the Plan, the Housing Assistance Corporation will replace the South Middlesex Opportunity Council as the vendor for this program. The Compact expects that shifting to this local weatherization assistance provider will help increase the efficiency with which this program is administered and delivered.

Respondent:      Tim Woolf, Synapse Energy Economics, Consultant to the Compact



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**Cape Light Compact's Response to Department of Telecommunications and  
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DTE-1-8      Please refer to the Plan at 40. At 249 megawatt hours, the Annual Energy Savings of the Low Income Single Family Program is one of the lower annual energy saving amounts in the Plan. Has the Compact examined ways in which the annual energy savings of this program may be increased? If yes, explain.

Response:    Yes, the Compact has examined several ways in which the annual savings of the Low-Income Single Family Program might be increased. See the Compact's response to DTE-1-7, which lists four measures that are likely to increase the program's B/C ratio. These same measures are also likely to increase the program's annual energy savings. The Compact is also considering the option of including light fixtures as an energy efficiency measure in this program.

Respondent:   Tim Woolf, Synapse Energy Economics, Consultant to the Compact

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DTE-1-9      Please refer to the Plan at 42. Explain how a HERS score is  
calculated.

Response:      HERS ratings use the REM/Rate rating software tool, developed by  
Architectural Energy Corporation, Boulder Colorado. Rem/Rate  
calculates home energy ratings in compliance with the National  
Association of State Energy Offices ("NASEO") HERS technical  
Guidelines, adopted in September 1999. Rem/Rate compares the estimated  
annual energy use for space heating, cooling and hot water heating of the  
rated home to a standardized "reference home." Rem/Rate creates this  
reference home, identical in size, shape, conditioned floor area, and  
mechanical system fuel type(s) to the home being rated. The reference  
home's insulation levels, infiltration rate, mechanical system efficiencies,  
and window area/orientation are defined and adjusted according to  
standards outlined by NASEO, and are approximately equal to a home  
built to the 1993 Model Energy Code ("MEC"). This reference home is  
defined as a rating score of 80 on the 100 point HERS scale.

With the HERS reference home established, REM/Rate calculates the expected annual energy use of the home being rated, compared to the expected annual energy use of the reference home. For each 5% reduction in annual energy use for the home being rated, the rating score increases 1 point from a score of 80. The resulting score for a rated home that uses 5% less energy than the reference home is an 81. Conversely, for each 5% increase in annual energy use for the home being rated the rating score decreases by 1 point from a score of 80. The resulting score for a rated home that uses 10% more energy than the reference home is a 78

Respondent: Paul Jackson, Honeywell DMC, Administrative Vendor for the Compact

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**Cape Light Compact's Response to Department of Telecommunications and  
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DTE-1-10      Please refer to the Plan at 43. At 1.17, the B/C ratio of the Low-Income New Construction Program is one of the lower B/C ratios in the Plan. Has the Compact examined ways in which the B/C ratio of this program may be increased? If yes, explain.

Response:      Yes, the Compact has examined opportunities to increase the annual energy savings and increase the B/C ratio of the Low-Income New Construction Program. The primary measure, as described on pages 43 and 44 of the Plan, will be to ensure that low-income construction projects achieve the HERS rating of 86. In addition, the Housing Assistance Corporation will replace the South Middlesex Opportunity Council as the vendor for this program. The Compact expects that shifting to this local weatherization assistance provider will help reduce the cost of administering and delivering this program.

Respondent:    Tim Woolf, Synapse Energy Economics, Consultant to the Compact

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DTE-1-11 Please refer to the Plan at 43. The Annual Energy Savings of the Low Income New Construction Program is one of the lower annual energy savings amounts in the Plan. Has the Compact examined ways in which the annual energy savings of this program may be increased? If yes, explain.

Response: Yes. See the Compact's response to DTE-1-10, which lists two measures that are likely to increase the program's B/C ratio. These same measures are also likely to increase the program's annual energy savings.

Respondent: Tim Woolf, Synapse Energy Economics, Consultant to the Compact

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DTE-1-12 Please refer to the Plan at 27. The Annual Energy Savings of the Residential New Construction Demo Project is one of the lower annual energy savings amounts in the Plan. Has the Compact examined ways in which the annual energy savings of this program may be increased? If yes, explain.

Response: Yes. See the Compact's response to DTE-1-6, which identifies several items that would result in higher B/C ratios. Most of these items would also increase the annual energy savings of this program. Furthermore, this program is only in the "demonstration" phase, and the Compact is only targeting six participants for 2003. Because of the small size and the early stage of this program, one would not expect to see significant energy savings at the present time.

Respondent: Tim Woolf, Synapse Energy Economics, Consultant to the Compact